



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

DEC - 3 2015

Curtis S. Root, Treasurer  
Henry Lawrence for Congress LLC  
P.O. Box 1204  
Talleveast, Florida 34270

RE: MUR 6903  
Henry Lawrence for Congress LLC and  
Curtis S. Root in his official capacity as  
treasurer

Dear Mr. Root:

On November 13, 2014, the Federal Election Commission (the "Commission") notified Henry Lawrence for Congress LLC (the "Committee") and you, in your official capacity as treasurer, of a complaint alleging that the Committee violated the Federal Election Campaign Act of 1971, as amended (the "Act"), and provided you with a copy of the complaint. After reviewing the allegations contained in the complaint, your response, and publicly available information, the Commission, on October 27, 2015, found reason to believe that the Committee and you, in your official capacity as treasurer, violated 52 U.S.C. § 30104(a) and (b) provisions of the Act. Enclosed is the Factual and Legal Analysis that sets forth the basis for the Commission's determination.

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519.

In order to expedite the resolution of this matter, the Commission has authorized the Office of the General Counsel to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Pre-probable cause conciliation is not mandated by the Act or the Commission's regulations, but is a voluntary step in the enforcement process that the Commission is offering to you as a way to resolve this matter at an early stage and without the need for briefing the issue of whether or not the Commission should find probable cause to believe that you violated the law.

160474086114

During conciliation, you may submit any factual or legal materials that you believe are relevant to the resolution of this matter. Because the Commission only enters into pre-probable cause conciliation in matters that it believes have a reasonable opportunity for settlement, we may proceed to the next step in the enforcement process if a mutually acceptable conciliation agreement cannot be reached within sixty days. See 52 U.S.C. § 30109(a), 11 C.F.R. Part 111 (Subpart A). Conversely, if you are not interested in pre-probable cause conciliation, the Commission may conduct formal discovery in this matter or proceed to the next step in the enforcement process. Please note that once the Commission enters the next step in the enforcement process, it may decline to engage in further settlement discussions until after making a probable cause finding.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed Statement of Designation of Counsel form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 52 U.S.C. § 30109(a)(4)(B) and 30109(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. Please be advised that, although the Commission cannot disclose information regarding an investigation to the public, it may share information on a confidential basis with other law enforcement agencies.<sup>1</sup>

We look forward to your response.

On behalf of the Commission,

  
Ann M. Ravel  
Chair

Enclosures

Factual and Legal Analysis

cc: Henry Lawrence

---

<sup>1</sup> The Commission has the statutory authority to refer knowing and willful violations of the Act to the Department of Justice for potential criminal prosecution, 52 U.S.C. § 30109(a)(5)(C), and to report information regarding violations of law not within its jurisdiction to appropriate law enforcement authorities. *Id.* § 30107(a)(9).

**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENTS:** Henry Lawrence for Congress and Curtis S. Root    **MUR:** 6903  
in his official capacity as Treasurer

1    **I.    INTRODUCTION**

2            The Complaint in this matter alleges that Henry Lawrence for Congress and Curtis S.  
3    Root in his official capacity as treasurer (the "Committee") failed to report specific receipts,  
4    disbursements, and debt that the Committee incurred before April 1, 2014. Complainant, Robert  
5    Slider, was the Committee's Assistant Treasurer from January 24, 2014, until April 1, 2014, and  
6    he is the President of Virtual Impact Productions, Inc. ("VIP"), which claims the Committee  
7    owes it \$106,108. The Committee, which did not file a 2014 April Quarterly Report, generally  
8    states that it included all contributions and disbursements in its reports to the Commission, but it  
9    does not address Complainant's allegations as to specific contributions and disbursements  
10   allegedly received and made before April 1, 2014. The Committee acknowledges receiving  
11   VIP's invoices, but contends that it never hired VIP to perform any services and has never owed  
12   VIP any money.

13           The Commission found reason to believe that Henry Lawrence for Congress and Curtis S.  
14   Root in his official capacity as treasurer violated 52 U.S.C. § 30104(a), (b) by failing to file an  
15   April 2014 Quarterly Report and failing to properly report receipts and disbursements. The  
16   Commission exercised prosecutorial discretion and dismissed allegations that Henry Lawrence  
17   for Congress and Curtis S. Root in his official capacity as treasurer violated 52 U.S.C.  
18   § 30104(b)(8) by failing to report a disputed debt.

## II. FACTUAL AND LEGAL ANALYSIS

### A. Facts

Henry Lawrence was a Democratic candidate for Florida's 16th Congressional district during the 2014 primary and general elections.<sup>1</sup> The Committee filed its original Statement of Organization on January 24, 2014, which listed Slider as Assistant Treasurer and Designated Agent. On April 1, 2014, the Committee filed an Amended Statement of Organization naming the current Treasurer and a new Assistant Treasurer.<sup>2</sup>

#### 1. Receipts and Disbursements Made Before April 1, 2014

The Committee's 2014 July Quarterly Report was the Committee's first disclosure report filed with the Commission. Neither the Committee's 2014 July Quarterly Report nor any of its subsequent reports disclosed receipts or disbursements received or made before April 1, 2014.<sup>3</sup>

The Complaint, filed by former Assistant Treasurer Slider, alleges that the Committee failed to report contributions received or disbursements made before April 1, 2014. Spreadsheets attached to the Complaint list 22 contributions the Committee allegedly received before April 1, 2014, totaling \$3,075 (\$2,100 of which should have been itemized because the five individual contributions comprising the \$2,100 were in amounts greater than \$200, and \$975 of which did not need to be itemized because they were in amounts of \$200 or less). *See* Compl., Attach.

*Henry Lawrence for Congress Campaign Donations 2014 ("Campaign Donations").* The

<sup>1</sup> Lawrence won the Democratic primary election but lost the general election.

<sup>2</sup> On March 24, 2014, the Committee filed two Form 99s (Miscellaneous Reports) reflecting Slider's resignation as Assistant Treasurer and Michelle Robinson's resignation as Treasurer (information on one of the Form 99s suggests that Robinson is also affiliated with VIP, as her forwarding email address is associated with VIP).

<sup>3</sup> *See* 2014 July Quarterly Report (July 14, 2014); Pre-Primary Report (Sep. 16, 2014), 2014 October Quarterly Report (Oct. 20, 2014), 2014 Pre-General Report (Oct. 20, 2014), 2014 Post-General Report (Dec. 1, 2014), 2014 Year End Report (Jan. 30, 2015). The Committee did not file its April or July 2015 Quarterly reports. The Reports Analysis Division issued two Requests for Additional Information to the Committee regarding those two reports, but the Committee has not yet responded.

1 Complaint also lists disbursements totaling approximately \$12,640 that the Committee allegedly  
2 paid before April 1, 2014. *Id.*, Attach. *Henry Lawrence for Congress, LLC Profit and Loss*  
3 *Detail ("Profit and Loss Detail")*.

4 In its 2014 Pre-Primary Report, the Committee disclosed five contributions totaling  
5 \$2,100 of the \$3,075 that it received prior to April 1, 2014, but inaccurately reported July 1, 2014  
6 as the date of receipt. The Committee never disclosed the remaining \$975 in receipts.<sup>4</sup>

7 See Table A below.

8 ***Table A – Committee Contributions Referenced in the Complaint Exceeding \$200.***

Contributor	Amount	Complaint – Alleged Date of Receipt	2014 Pre-Primary Report – Disclosed Date of Receipt
Mr. Bradenton	\$1,000	1/10/14	7/1/14
Martin Rafferty	\$300	2/18/14	7/1/14
Clint Gharib	\$250	2/20/14	7/1/14
W. Stuart Gregory	\$300	2/25/14	7/1/14
Richard Anderson	\$250	3/4/14	7/1/14

9 Similarly, in its 2014 Pre-Primary Report, the Committee disclosed six disbursements  
10 that account for \$11,409.63 of the \$12,639.94 in disbursements that the Committee made before  
11 April 1, 2014, but inaccurately reported July 1, 2014 as the date of payment. Compl., Attach.  
12 Profit and Loss Detail. See Table B below. The Committee never disclosed the remaining  
13 \$1,230.31 in disbursements.

14  
<sup>4</sup> These five contributions were the only itemized individual contributions reported in the 2014 Pre-Primary Report. The Committee also disclosed unitemized individual contributions of \$1,751 in that same report.

**Table B – Committee Operating Expenses Referenced in the Complaint.**

Payee	Expenditure Amount	Complaint – Alleged Date of Payment	2014 Pre-Primary Report – Disclosed Date of Payment
American Jewish Committee	\$250	3/12/14	7/1/14
Cartier Winning Images	\$10,000	1/10/14	7/1/14
Mars Vision Productions	\$216	2/18/14	7/1/14
Nationbuilder	\$542	2/25/14	7/1/14
Quad Systems, Inc.	\$151.63 <sup>5</sup>	3/5/14	7/1/14
Sarasota Democratic Party	\$250	2/23/14	7/1/14

While the Committee claims to have properly reported all of its receipts and disbursements, it does not address the specific items identified in the Complaint or offer any explanation for the purported discrepancy between the earlier dates alleged in the Complaint and the later dates reported by the Committee.

## 2. Debt Purportedly Incurred Before April 1, 2014

The Complaint also alleges that the Committee failed to report debt owed to VIP. Compl. at 1-2. Specifically, the Complaint alleges that the Committee hired Slider and VIP as early as November 2013 to provide various services to the campaign including: building the campaign website, setting up e-commerce capabilities for the campaign to receive online contributions, setting up and maintaining all social media sites, photography, and commercial video productions. *Id.* at 1. The Complaint attaches three VIP invoices totaling \$106,108 for services rendered and billed to the Committee.<sup>6</sup> The Complaint asserts that in March 2014, VIP

<sup>5</sup> The Committee disclosed payment of \$369 to Quad Systems, Inc. on July 1, 2014, but the Complaint alleges a payment of \$151.63 to that vendor on March 5, 2014. It is unclear whether the Committee's disclosed payment incorporates the \$151.63 that the Complaint alleges was paid to Quad Systems, Inc. on March 5, 2014, or is a different disbursement.

<sup>6</sup> See Invoice #13-1053 dated March 3, 2014 is for "Professional Business Consulting" from September 2013-December 2013, and Invoices #13-1054 for "Campaign Production" and #13-1055 for "Professional Business Consulting (Monthly)/Campaign Manager for HLFC," both of which are dated March 27, 2014. Compl. Attachs.

1 delivered the invoices to the Committee, but the Committee did not respond to them or pay them.

2 *Id.*

3 The Committee states that it never hired Slider or VIP for any purpose on behalf of the  
4 campaign. Resp. at 1. The Committee contends that Slider is Lawrence's former business  
5 associate, and he participated in early meetings with Lawrence when he was deciding whether to  
6 run for Congress, but in early April 2014, Lawrence ended his relationships with Slider. *Id.* The  
7 Committee acknowledges receiving the invoices, but generally contends that most of the  
8 documents attached to the Complaint relate to Lawrence's personal financial transactions, not his  
9 campaign, and are therefore not subject to the Act's reporting requirements. *Id.* at 2.

10 **B. Analysis**

11 **1. Reporting of Receipts and Disbursements**

12  
13 The Act requires a candidate's authorized committee to disclose all receipts and  
14 disbursements, including all contributions and expenditures. 52 U.S.C. § 30104(a), (b). The Act  
15 defines a "contribution" as "any gift, subscription, loan, advance, or deposit of money or  
16 anything of value made by any persons for the purpose of influencing any election for Federal  
17 Office." 52 U.S.C. § 30101(8)(A)(i). An "expenditure" is defined as "any purchase, payment,  
18 distribution, loan, advance, deposit, or gift of money or anything of value made by any person  
19 for the purpose of influencing any election for Federal office." 52 U.S.C. § 30101(9)(A)(i);  
20 11 C.F.R. § 100.111. An individual becomes a "candidate" for Federal office when his or her  
21 campaign either receives or makes \$5,000 in contributions or expenditures.

22 52 U.S.C. § 30101(2). Once an individual becomes a candidate for the House of  
23 Representatives, his or her principal campaign committee must file quarterly reports. 11 C.F.R.  
24 § 104.5(a). That first report must include the actual dates and amounts of all receipts and

1 disbursements made before the filing of the report, even if they did not occur during the  
2 reporting period covered by the report. 11 C.F.R. §§ 100.5, 104.3(a), (b).

3 As part of this obligation, the authorized committee must identify any person who makes  
4 a contribution to the committee that exceeds \$200 or aggregates to over \$200 within the election  
5 cycle, or any lesser amount if the committee elects, together with the date and amount of the  
6 contribution. 52 U.S.C. § 30104(b)(3). The Act also requires an authorized committee to  
7 itemize all disbursements, including operating expenditures, that exceed \$200 or aggregate to  
8 over \$200 when added to other disbursements in the same category and made to the same payee  
9 during the election cycle, and include the date, amount, and purpose of the operating  
10 expenditure. 52 U.S.C. § 30104(b)(4)-(5); 11 C.F.R. § 104.3(b)(4)(i), (vi).

11 The available information indicates there is reason to believe that the Committee failed to  
12 file complete and accurate disclosures of its pre-April 1, 2014, receipts and disbursements. It  
13 also appears that some of the receipts and disbursements that the Committee disclosed in its 2014  
14 Pre-Primary Report may have occurred before April 1, 2014, but were inaccurately reported as  
15 occurring on July 1, 2014. The Complainant is the Committee's former Assistant Treasurer and  
16 was in a position to know when the Committee received the contributions and made the  
17 payments in question, and he provided specific information regarding the Committee's allegedly  
18 incomplete and inaccurate disclosures. The Response does not specifically address these  
19 transactions, even though they are itemized in the Complaint, but simply states that the  
20 Committee reported all of its receipts and disbursements and maintained accurate records of its  
21 transactions. Given the Complaint's specificity, the Response's vague denial, and the seeming  
22 unlikelihood that every challenged transaction happened on July 1, 2014, there is sufficient  
23 information to reasonably infer that the Committee's reports are inaccurate. Moreover, based on



1 information in the Complaint, it appears the Committee had aggregated more than \$5,000 in  
2 receipts and disbursements before April 1, 2014. There is sufficient information to conclude that  
3 the Committee should have filed a 2014 April Quarterly Report, but its first disclosure report was  
4 the 2014 July Quarterly Report. Accordingly, the Commission found reason to believe that  
5 Henry Lawrence for Congress and Curtis S. Root in his official capacity as treasurer violated  
6 52 U.S.C. § 30104(a) and (b) by failing to file an April 2014 Quarterly Report and failing to  
7 properly report receipts and disbursements.

## 8                   2. Reporting of Disputed Debt

9  
10           The Act requires candidates and their committees to disclose the amount and nature of  
11 any outstanding debts and obligations owed by or to the reporting committee. 52 U.S.C.  
12 § 30104(b)(8), 11 C.F.R. §§ 104.3(d), 104.11. This obligation extends to any "disputed debt,"  
13 which is "an actual or potential debt or obligation owed by a political committee, including an  
14 obligation arising from a written contract, promise or agreement to make an expenditure, where  
15 there is a bona fide disagreement between the creditor and the political committee as to the  
16 existence or amount of the obligation owed by the political committee." 11 C.F.R. § 116.1(d).  
17 A political committee is obligated to report the disputed debt if the creditor has provided  
18 "something of value" to the political committee. 11 C.F.R. § 116.10(a). Until the dispute is  
19 resolved, the political committee must disclose any amounts paid to the creditor; any amount the  
20 political committee admits it owes, and the amount the creditor claims is owed. *Id.*

21           Given the circumstances in this matter, the Commission concludes that pursuing this  
22 matter further would not be an efficient use of the Commission's resources. Accordingly, the  
23 Commission exercised its prosecutorial discretion and dismissed the allegation that Henry

160471860606

- 1 Lawrence for Congress and Curtis S. Root in his official capacity as treasurer, violated 52 U.S.C.
- 2 § 30104(b)(8) by failing to report a disputed debt. *See Heckler v. Chaney*, 470 U.S. 821 (1985).

16044386000